



L. JOYCE HAMPERS
COMMISSIONER

The Commonwealth of Massachusetts

Department of Revenue

Leverett Saltonstall Building,

100 Cambridge Street, Boston 02204

July 2, 1982

You state that a Florida resident died owning Massachusetts real estate and that the sole heir is a Florida resident. The real estate is being sold and under the terms of the sale agreement the purchaser will pay 30 per cent of the purchase price in the year of sale with the balance secured by a 15 year purchase money mortgage; interest on the mortgage will be at the rate of 14 per cent per year.

You inquire as to the Massachusetts income taxation of the interest received by the heir on the note.

Non-residents of Massachusetts are subject to Massachusetts income taxation on their Massachusetts gross income which is

"...gross income derived from or effectively connected with any trade or business, including employment carried on by the taxpayer in the commonwealth or derived from the ownership of any interest in real or tangible personal property located in the commonwealth."
(G.L. c. 62, s. 5A)

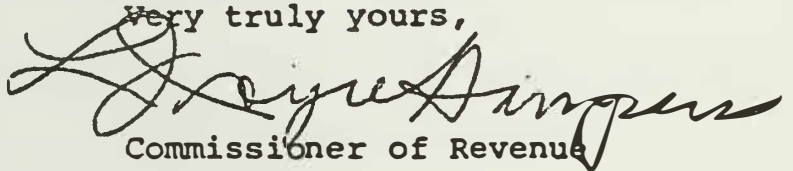
Interest income, other than interest on savings deposits in banks located within the Commonwealth, is taxed at the rate of 10 per cent plus surtax. (G.L. c. 62, ss. 2(b) and 4).

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Based on the foregoing it is ruled that interest received by a Florida resident from a purchase money mortgage on Massachusetts real estate is subject to Massachusetts income taxation at the rate of 10 per cent plus surtax.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Seymour S. Singer".

Commissioner of Revenue

LJH:RSF:mf

LR 82-69